

Message Text

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ACTION EB-07

INFO OCT-01 EA-07 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 PA-01

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FM AMEMBASSY JAKARTA

TO AMEMBASSY CANBERRA

INFO SECSTATE WASHDC 7707

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EO 11652: NA

TAGS: ENRG ID

SUBJECT: INDONESIA CONCLUDES CRUDE DEAL WITH AUSTRALIA

1. MINES MINISTER SADLI ANNOUNCED NOVEMBER 3 THAT INDONESIA HAS CONCLUDED DEAL WITH AUSTRALIA FOR SALE OF CRUDE OIL BEGINNING IN JANUARY 1977. ACCORDING TO PRESS, SALES WILL INVOLVE ABOUT 6,000 B/D INITIALLY AND COULD ULTIMATELY RISE TO 40,000 B/D IN FIVE YEARS. NEGOTIATIONS ON CRUDE SALES BEGAN DEVERAL MONTHS AGO BUT DEAL WAS REPORTEDLY FINALIZED DURING RECENT VISIT OF AUSTRALIAN PM FRASER.

2. BUYER IS AMPOL PETROLEUN LTD. WHICH IS SEEKING LONG TERM STABLE CRUDE SOURCE FOR ITS REFINERY AT BRISBANE, ACCORDING TO VARIOUS OIL SOURCES. AMPOL'S INITIAL CONTRACT IS WITH PERTAMINA WHO WILL SUPPLY LOW-SULFUR CRUDE FROM CALTEX'S MINAS FIELD. PERTAMINA CURRENTLY HAS LARGE QUNATITY OF ITS "IN-KIND" ENTITLEMENT CRUDE WHICH IS AVAILABLE UNDER TERMS OF GOI-CALTEX CONTRACT OF WORK AGREE-
MENT BUT WHICH PERTAMINA HAS NOT LIFTED OWING TO MAR-
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KETING PROBLEMS WITH JAPAN. AMPOL IS ALSO NEGOTIATING

SEPARATE DEALS WITH OTHER FOREIGN OIL COMPANIES
INCLUDING CALTEX ITSELF.

3. COMMENT: AUSTRALIA WAS PREVIOUSLY ONE OF INDONESIA'S
LEADING CUSTOMERS FOR CRUDE OIL, TAKING AS MUCH AS
46,000 B/D IN 1970. HOWEVER WITH GOI SHIFT IN EMPHASIS
TO JAPANESE AND WEST COAST MARKETS PLUS CHANGING
AUSTRALIAN ENERGY POLICIES, THESE EXPORTS DECLINED TO
NEARLY ZERO BY 1972. PERTAMINA'S AUSTRALIAN CONTRACT
REPRESENTS THE FIRST MAJOR INDONESIAN LONG-TERM CRUDE
SALE CONCLUDED IN SEVERAL MONTHS. QUESTION OF PROCE
NOT YER FULLY RESOLVED IN VIEW OF ANTICIPATED DECEMBER
OPEC INCREASES; INDICATIONS ARE THAT OFFICIAL SELLING
PRICES (\$12.80/B PRESENTLY) WILL BE USED AND THAT NO
MAJOR DISCOUNTS ARE INVOLVED.

NEWSOM

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